Treasury Department,

Bureau of the Mint,

Washington, D. C. September 18, 1899.

r. D. F. Barrows,
No. 1602 Avenue B.
Cedar Rapids, Iowa.

ear Sir:

Your letter of September 13th has been received and in
swer to these inquiries I beg respectfully to say:

1st.- The act authorizing gold and silver certificates was de-
igned for the convenience of the owners of coin and to facili-
ate the payment of large sums. It was not intended to have the
ertificates entirely take the place of coin and for this reason it
s not deemed advisable to make them legal tender. The certificates
y, of course, be presented for the coin and the coin used where
nder is required.

2nd.- The clause which makes the silver dollar a legal tender
except where otherwise expressly stipulated in the contract" was in
e original coinage act of February 28th, 1878, under which
e coinage of silver dollars was resumed. This clause simply recog-
izes the right of private contract as guaranteed by the Constitution.
e right to make a contract payable in gold coin would have existed
thout this clause and the right to make contracts payable in only
lver coin exists now and would be recognized and enforced by the
urts.

The act under which the greenbacks were issued during the war provided that they should be a legal tender for all debts, public and private except for custom dues and interest on the public debt, but the Courts held that contracts could be made calling for payment in specie and be enforced. The clause in the act of 1878 to which you refer was doubtlessinserted in recognition,of this action by the Courts. Where a contract calls simply for "dollars" it may be discharged by any legal tender money, but where the parties agree together upon what a "dollar" means the contract is as legitimate as a contract for the delivery of certain number of bushels of potatoes.

Third:- Any person may take gold of standard fineness to the English Mint and be entitled to receive back coin at the rate of £3,17s,10½d per ounce. This was true before the act of 1844 and consequently gold bullion could never have varied materially from this rate. The depositor, however, was obliged to wait until his bullion was coined which might be a number of days, and in the case of a large deposit, the loss in interest was somehing. Prior to the act of 1844, it was customary for parties who desired to realize upon their bullion at once to sell it to the Bank of England or other parties at such terms as might be agreed upon. In that act, however, it was provided in the public interest that the Bank must buy all gold offered at not less than £3,17s,9d. This allows the Bank 1½d. per ounce for interest between the time of purchase and the time of

coinage. The public still has the right to take bullion directly to the Mint and await its coinage.

It is misleading to say that the Bank fixes the value of gold, as it simply advances the sum which the deposit when coined, will make. Neither does the coinage act fix the value of gold. On the contrary, by stipulating the amount of gold to be contained in each coin, it fixes the value of the money. It might change the name of each coin without changing their purchasing power but it cannot change the amount of gold in any coin without changing its purchasing power.

Very truly yours,

Geo E Roberts

Director of the Mint.

Treasury Department,
Bureau of the Mint,
Washington, D.C.,

September 18, 1899

Mr. D. F. Barrows,
No. 1602 Avenue B.
Cedar Rapids, Iowa.

Dear Sir:

Your letter of September 13th has been received and in answer to these inquiries I beg respectfully to say:

1st. The act authorizing gold and silver certificates was designed for the convenience of the owners of coin and to facilitate the payment of large sums. It was not intended to have the certificates entirely take the place of coin and for this reason it was not deemed advisable to make them legal tender. The certificates are, of course, to be presented for the coin and the coin used where tender is required.

2nd. The clause which makes the silver dollar a legal tender "except where otherwise expressly stipulated in the contract" was in the original coinage act of February 28th, 1878, under which the coinage of silver dollars was resumed. This clause simply recognizes the right of private contract as guaranteed by the Constitution. The right to make a contract payable in gold coin would have existed without this clause and the right to make contracts payable in only silver coin exists now and would be recognized and enforced by the courts.

The act under which the greenbacks were issued during the war provided that they should be a legal tender for all debts, public and private except for custom dues and interest on the public debt, but the Courts held that contracts could be made calling for payment in specie and be enforced. The clause in the act of 1878 to which you refer was doubtless inserted in recognition of this action by the Courts. Where a contract calls simply for "dollars" it may be discharged by any legal tender money, but where the parties agree together upon what a "dollar" means, the contract is as legitimate as a contract for the delivery of certain number of bushels of potatoes.

Third. Any person may take gold of standard fineness to the English Mint and be entitled to receive back coin at the rate of £3,17,10½d per ounce. This was true before the act of 1844 and consequently gold bullion could never have varied materially from this rate. The depositor, however, was obliged to wait until his bullion was coined which might be a number of days, and in the case of a large deposit, the loss in interest was something. Prior to the act of 1844, it was customary for parties who desired to realize upon their bullion at once to sell it to the Bank of England or other parties at such terms as might be agreed upon. In that act, however, it was provided in the public interest that the Bank must buy all gold offered at not less than £3,17,9d. This allows the Bank 1½d. per ounce for interest between the time of purchase and the time of coinage. The public still has the right to take bullion directly to the Mint and await its coinage.

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Very truly yours,
[Signature] George E. Roberts
Director of the Mint.